

Title: Capital Works Expenditure

Type: Council

File No: 24/03/09

Date Adopted: 28 August 2013

Next Review Date: 28 August 2015

Revision History:

Date	Action	Who
8 August	Draft policy - EMT	GMIS
14 August	Draft policy – Councillor Briefing	GMIS

1. Purpose

The purpose of this policy is to:

- Set out Council’s commitment to manage and care for its assets into the future which meet the needs of the community;
- Highlight the importance of building the Infrastructure Reserve as a source of funding for future capital works expenditure;
- Identify a process for the transfer of project savings from the capital works program to the Infrastructure Reserve to assist in funding future capital renewal requirements.
- Ensure a transparent process for the treatment of unspent capital funding.

2. Rationale

The rationale for this policy is to have a procedure which outlines the management of savings from capital works projects including any unspent contingency budgets.

Council currently has a widening infrastructure gap which requires the need to identify and seek funding opportunities to fund capital improvement into the future. A number of strategies need to be employed to address this issue including the seeking of funding sources other than rate revenue such as grants.

To meet the growing renewal needs of Council’s infrastructure an Infrastructure Reserve was established. The Infrastructure Reserve has an allocation of 2% of rates income per annum.

Funding from the infrastructure reserve accumulates each year and is drawn down at strategic years within the Ten Year Capital Works Program.

Whilst project budgets are set to reflect the scope of works for a project there are times when project budgets are not fully expended. In these instances Council seeks to identify these savings and develop a procedure which transfers these funds to the Infrastructure Reserve.

3. Scope

The scope of this policy is to providing a transparent process for the management of savings from capital works projects and transfer to the Infrastructure Reserve.

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4. Policy

The guiding principles for the implementation of this policy include:

- Project budgets are developed to reflect the scope of the project allowing adequate funds to ensure delivery is achievable and to reduce the likelihood of overspend or underspend in projects.
- Unspent funds or project savings will be reassessed in line with future capital works requirements and reported quarterly to Council for approval. See Diagram 1.
- Those projects not started within an annual program will be reassessed during the development of the following year's capital works program as part of the annual budget preparation.
- Funding for projects that are not delivered in the planned year and that will not proceed will also be reallocated to other Council projects or the Infrastructure Reserve via the process outlined in Diagram 2.
- Savings from projects are confirmed upon completion and are reported to Council as part of the Capital Works quarterly reporting process.
- Variances exceeding the Council approved contract value will be required to be reported back to Council and approved. Variances within the approved contract value will be subject to formal ratification with the relevant project manager, relevant Manager, General Manager Infrastructure and Development Services or the CEO dependant on the level of financial delegation. All variances however will be reported in the quarterly Capital Works report to Council.
- Councillors will be advised of any variation requiring CEO approval prior to that approval being given.

Diagram 1: Reallocation of savings from projects

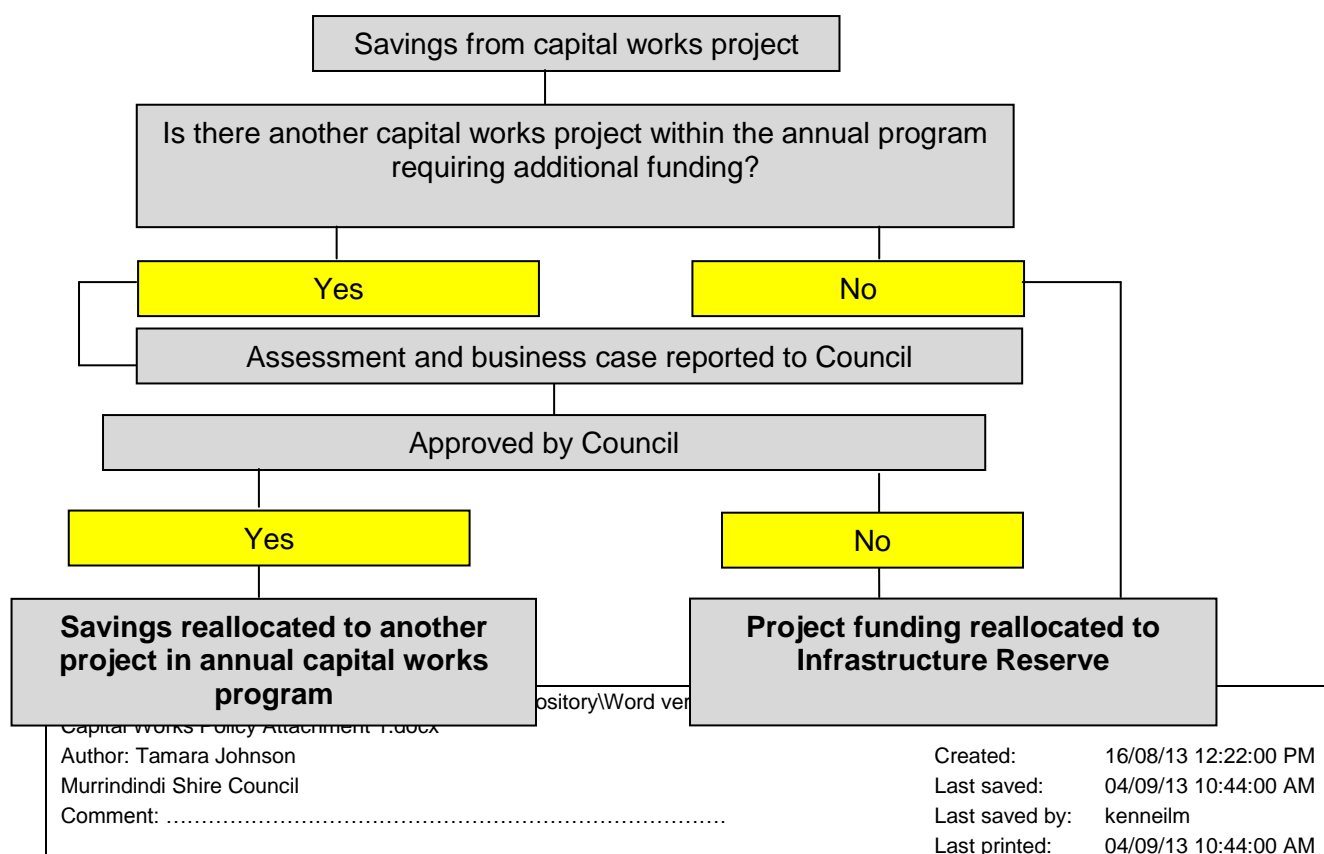
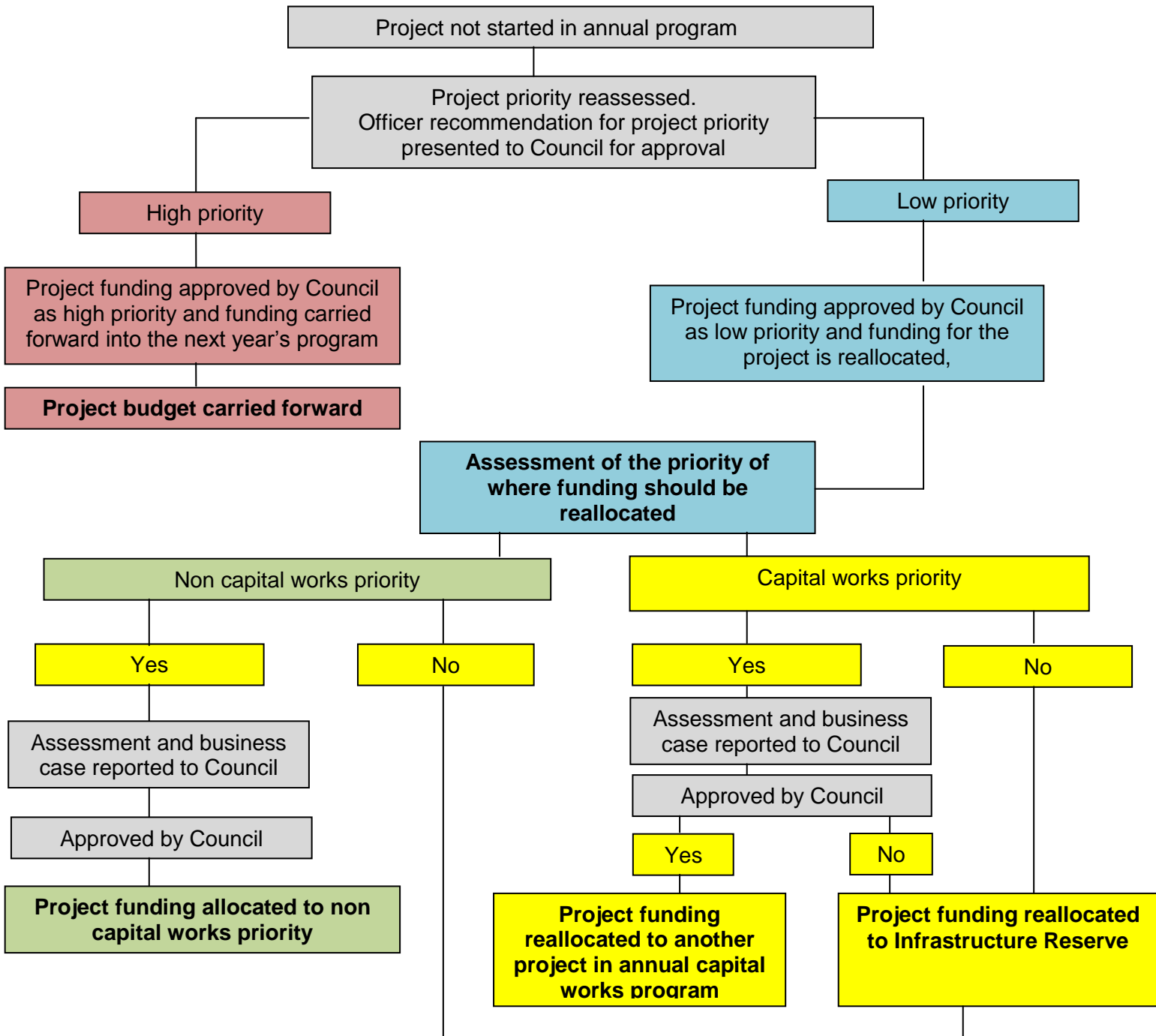


Diagram 2: Reallocation of budget for projects not delivered.



5. Supporting Documents

Council Budget
 Strategic Resources Plan and Long Term Financial Plan
 Ten Year Capital Improvement Plan
 Asset Management Plans

6. Related Policies

Asset Management Policy

7. Governance

The General Manager Infrastructure and Development will oversee the implementation of this policy and ensure the administration of the financial transfers in conjunction with staff from the Asset Management Unit and Business Service Unit.

8. Portfolio and/or Riding Councillor Input

All Councillors

9. Responsible Officer

General Manager Infrastructure and Development Services

10. Human Rights Charter

This policy has been developed with consideration of the requirements under the Charter of Human Rights and Responsibilities.